

**STATEMENT OF DAVID R. GOODE
CHAIRMAN, PRESIDENT & CEO
NORFOLK SOUTHERN CORPORATION**

**Before the
Subcommittee on Surface Transportation and Merchant Marine
Committee on Commerce, Science and Transportation
United States Senate**

**Hearing on Surface Transportation Board Decision
Issued on March 17, 2000**

March 29, 2000

My name is David R. Goode and I am Chairman, President and Chief Executive Officer of Norfolk Southern Corporation ("NS"). I welcome this opportunity to comment in support of the critical and important decision issued by the Surface Transportation Board ("STB") on March 17, 2000 in Ex Parte No. 582, Public Views on Major Rail Consolidations. In that decision, the STB announced the commencement of a rulemaking proceeding to develop new standards and procedures for railroad mergers and suspended the processing and consideration of major rail consolidation proposals for 15 months in order to give the STB and the rail industry a much-needed respite from further rail merger activity while those new rules are being promulgated.

The STB deserves the thanks of all of us who are part of the rail industry and who are concerned about the difficulties and challenges facing our Nation's railroads, our customers, our employees, and the many others whose lives are affected by and intertwined with our industry. As this Committee knows full well, the past several years have been difficult and challenging ones for the railroad industry, as we have struggled to implement major mergers and consolidations of rail systems both in the East and the West. We at Norfolk Southern have been challenged in our assimilation of the substantial portion of Conrail we began to operate last June. I am happy to report that we have made great progress toward providing the fast, efficient and reliable transportation service our customers need and deserve. Still, we have much more to do to achieve fully the promised benefits of the Conrail transaction and to deliver these benefits to our customers and our stockholders. The STB decision provides valuable time to accomplish that goal without the disruptions, uncertainty and necessary loss of focus that another round of major rail consolidations would inevitably bring.

The STB recognized what we and our customers, our employees, and our partners need most: **time** – time to make our service the best that it can be; time to develop with our interchange partners cooperative and reliable interline services to obtain maximum advantage from the existing North American rail network; and time to restore the confidence of investors in the industry.

During the four days of hearings held by the STB earlier this month, the Board received testimony from more than 150 witnesses, including myself and the CEO's of the other major North American railroads. The Board heard an overwhelming appeal from all sides -- from railroads, from government agencies, from ports and municipalities, from large automobile manufacturers to small agrarian interests, and from

chemical shippers to one of the industry's largest intermodal customers (UPS) -- for a breather from further rail merger activity. The Board obviously listened, and it courageously acted by finding that the public interest required a respite from rail merger activity while it modernized and revised its rail merger regulations. I am convinced this is a valuable pause, which will enable us to concentrate our efforts on improving service and improving the financial health of the industry. We need that time and I will do my part to see we use it wisely.

In short, Norfolk Southern believes that the STB's actions were entirely consistent with its broad public interest mandate and were fully supported both by the record compiled in its Ex Parte No. 582 proceedings and by the Board's experience. We look forward to participating in the Board's rulemaking to revise its merger regulations and look forward to continuing our efforts to improve the quality and reliability of our transportation services, develop cooperative arrangements with our interline partners and enhance our overall financial results.